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USDOC FOR 532/OEA/LHINES/ADYSON  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: EXODUS  
MICROELECTRONICS CO.

REF: A) USDOC 06824 B) USDOC 06825 C) HK 00001(2008) D)HK 00966  
(2008)

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A and B requests and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) attempted to conduct a post shipment-verification (PSV) at Exodus Microelectronics Co., Unit 9B, Nathan Commercial Building, 430-436 Nathan Road, Kowloon, Hong Kong (Exodus). The items in question for the check referenced in reftel A are semiconductors exported to Exodus on or about August 18, 2006 and valued at USD 5,200. The items in question for the check referenced in reftel B are semiconductors exported to Exodus on or about May 31, 2005 and March 23, 2005 with a combined value of USD 4,060. All of these items are classified under export control classification number (ECCN) 3A001 and, if properly classified, would be controlled for national security (NS) reasons. These appear to be items that may be shipped license-free to Hong Kong but would, in virtually all circumstances, require a license for shipment to mainland China. The exporter was QP Semiconductor of Santa Clara, California.

13. As further detailed in reftels C and D, Exodus is related to a range of other problematic companies in Hong Kong including Victory Wave, Echelon Microsystems Limited and Centre Bright, among others. These companies are, in turn, related or conduct business with a range of problematic mainland China companies. Based on information received from an industry source, ECO believes that the directors and shareholders of Exodus, Centre Bright, Victory Wave and Echelon are all members of the same family (parents and adult son). A review of the Hong Kong Companies Registry reveals that Exodus Microelectronics Company Limited was established in March 2003 and had paid-up share capital of HKD 10,000 (the Hong Kong equivalent of USD 1250). The registered office of the company is listed as Unit 6B, Block 1, International Center, 2-8 Kwei Tei Street, Shatin, Hong Kong.

14. As detailed further in reftel C, Mr. Wong, Yung Fai is the director of Victory Wave. He is also a director of Exodus. During the PSV of Victory Wave, Mr. Wong, Yung Fai claimed that Exodus never sources items from the United States. That claim is clearly false.

15. A web search reveals that Exodus does not appear to have its own web presence. It is, however, listed as a partner of Centre Bright (referenced above). In the description of Exodus listed on the Centre Bright web site, Exodus is listed as being a provider of military grade semiconductors. Another company's web site lists Exodus as a partner ([www.elnec.sk](http://www.elnec.sk)) and the Exodus link on that company's web site links to the Centre Bright web site.

16. FCS Commercial Assistant Carrie Chan attempted, on several

occasions, to set up a meeting with representatives of Exodus. When made aware of the purpose of the ECO's proposed visit, the staff person answering the phone hung up. ECO subsequently sent a registered letter to Exodus requesting a meeting. The Hong Kong Post Office confirms that the letter was rejected as undeliverable (no such company at the listed address. ECO remains unable to schedule the PSV.

¶7. Based on the information noted above, ECO believes that Exodus is a most unsuitable recipient of U.S. origin controlled technology. ECO recommends that BIS reach out to QP Semiconductor to determine what information it had on hand when it shipped the items. Further, ECO requests that OEA confirm the 3A001 classification of the shipment so that ECO may reach out to Hong Kong TID concerning a potential violation of Hong Kong's export control rules in connection with this shipment. Finally, ECO recommends that Exodus be added to the BIS Unverified List and/or Entities List.